

**ANNUAL REPORT
OF THE
REGULATORY FLEXIBILITY
COMMITTEE**



**Indiana Legislative Services Agency
200 W. Washington Street, Suite 301
Indianapolis, Indiana 46204**

November, 2001

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2001

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REGULATORY FLEXIBILITY COMMITTEE

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A copy of this report is available on the Internet. Reports, minutes, and notices are organized by committee. This report and other documents for this Committee can be accessed from the General Assembly Homepage at <http://www.state.in.us/legislative/>.

I. STATUTORY AND LEGISLATIVE COUNCIL DIRECTIVES

Under IC 8-1-2.6-4, the Regulatory Flexibility Committee is required to monitor competition in the *telecommunications industry*. The Committee is required to consider the following issues:

- (1) The effects of competition on available subsidies used to maintain universal service.
- (2) The status of modernization of the public telephone network in Indiana and the incentives required to further enhance this infrastructure.
- (3) The effects on economic development and educational opportunities of modernization.
- (4) The current method of regulating telephone companies and the method's effectiveness.
- (5) The economic and social effectiveness of current telephone service pricing.

Under IC 8-1-2.5-9, the Committee is also required to monitor changes and competition in the *energy utility industry*, including the following issues:

- (1) The effects of competition or changes in the energy utility industry and the impact of the competition or changes on the residential rates.
- (2) The status of modernization of the energy utility facilities in Indiana and the incentives required to further enhance this infrastructure.
- (3) The effects on economic development of this modernization.
- (4) The traditional method of regulating energy utilities and the method's effectiveness.
- (5) The economic and social effectiveness of traditional energy utility service pricing.
- (6) The effects of legislation enacted by the United States Congress.

In 2001, the Legislative Council directed the Committee to do the following:

Study the effect of competition in the local telephone market (SR 30).

II. SUMMARY OF WORK PROGRAM

The Committee met three times during the 2001 interim session on August 22, 2001, August 23, 2001, and October 10, 2001.

On August 22, 2001, the Indiana Utility Regulatory Commission (IURC) presented its annual report on the telecommunications industry to the Committee. The Committee also received testimony on competition in the local telephone market. The Committee made no recommendations on these topics.

On August 23, 2001, the Committee received additional testimony on competition in the local telephone market. The remainder of the meeting was devoted to energy issues. The IURC presented its annual report on the energy industry to the Committee. The Committee also heard testimony on the following energy-related topics: recent energy legislation in the state of Illinois, clean coal technology programs in Indiana, state energy forecasts by the State Utility Forecasting Group, a clean energy development plan for the Midwest, and a legislative proposal for the creation of a public power authority in Indiana. The Committee made no recommendations on these topics.

On October 10, 2001, the Committee received testimony on natural gas issues, including supply and pricing issues. Testimony was also presented on Indiana's electric generating capacity and future electricity supply. The Committee made no recommendations on these topics.

Meeting minutes for the Committee can be accessed from the General Assembly Homepage at <http://www.state.in.us/legislative/>.